



May 23, 2012

Docket No. MC2012-14

Docket No. R2012-8

Secretary  
Postal Regulatory Commission  
Washington, DC 20268-001

**Re: Comments from The Atlanta Journal-Constitution Regarding Proposed Negotiated Services Agreement between the U.S. Postal Service and Valassis – Docket Nos. MC2012-14 and R2012-8**

Dear Secretary:

As publisher of The Atlanta Journal-Constitution, I am writing to express concern with the proposed Negotiated Services Agreement (NSA) between the United States Postal Service (USPS) and Valassis, a private advertising company, which is now being considered for regulatory approval.

**Advertising inserts for durable and semi-durable goods make up a significant percent of The Atlanta Journal-Constitution's advertising revenues. These revenues fund our news gathering forces allowing us to play a key role in informing our communities. Investing in investigative journalism; as well as deep local beat reporting, is crucial to the local democratic process and must be maintained, even in, and perhaps especially in, tough economic times.**

Taking reasonable short-term steps to help the USPS remain financially viable may well be a worthwhile initiative, however those steps must be in line with whatever long term planning is in place for that organization, and they must not unfairly impact third parties. I am concerned the NSA with Valassis will unfairly impact The Atlanta Journal-Constitution. Simply put, **an agreement between a government monopoly and Valassis, a private company, would give an unfair pricing advantage in what is otherwise a competitive landscape.**

**We must insist that the pricing playing field remain level, and that this proposed NSA be rejected.**

Please consider the following points in further support of rejection of the NSA:

- Newspapers like The Atlanta Journal-Constitution offer an ever-changing mix of advertising services for their advertising clients, with products frequently moving between USPS mail delivery and the home delivery systems newspapers maintain on

their own (both for subscribers and non-subscribers at all homes in a given geographic area.) The USPS obviously benefits from the enormous volume of business it gets through newspapers, business which is put at risk if Valassis is given the benefit of a USPS subsidy. If newspapers are driven from the direct mail business by special deals like the one being contemplated, they will be forced to direct more of their sales efforts to home delivery of printed advertisements through their own home delivery networks, meaning there will be a substantial loss of revenue for the USPS. That loss of revenue is not being accounted for with the current NSA under consideration.

- The real value of this NSA to the bottom line of the USPS is a matter of serious dispute, even in the short-term. Put simply, the profit analysis supporting the NSA is built on erroneous and unrealistic assumptions, such that even in the short-term this NSA will in fact make things worse for the USPS.
- Efforts in the NSA to differentiate between advertising product categories (durable vs non-durable) are completely unworkable, meaning the entire framework for the NSA will fall apart in practice, and will be hard to enforce.
- Finally, it is unclear what, if any, connection between this NSA and the long-term plan for the USPS might be. So, even if every argument above is ignored, we still are faced with the undeniable fact that the NSA would have unfair and drastic negative impact on an entire industry – benefitting one entry in the field over all others – for only a very short term “band-aid” impact on USPS operations that in fact might mean absolutely nothing to the eventual outcome of what the USPS evolves into in the future.

We urge the Commission to reject the proposed NSA for Valassis. Thank you for considering The Atlanta Journal-Constitution’s concerns.

Sincerely,

